

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE:	:	Case No. 10-31607
GARLOCK SEALING TECHNOLOGIES LLC, ET AL.,	:	Chapter 11
Debtors,	:	Charlotte, North Carolina
	:	Wednesday, February 1, 2017
	:	9:30 a.m.

[illegible]

OLDCO, LLC, SUCCESSOR BY : Case No. 17-30140
MERGER TO COLTEC INDUSTRIES,
INC., : Chapter 11
Debtor. :

[illegible]

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE J. CRAIG WHITLEY,
UNITED STATES BANKRUPTCY JUDGE

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(Coltec Industries):

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1 P R O C E E D I N G S

2 THE COURT: Start with an administrative question.

3 We have what are at the moment two separate cases on
4 the docket today with some joint motions, some separate
5 motions. The clerk had the question of how to have a decent
6 recording for you this morning. As you know, we electronically
7 record and offer playback function on, on our hearings and we'd
8 rather a person wanting to hear some of this not have to listen
9 to three or four hours of talk.

10 So the question I have before we announce appearances
11 is a batting order question. What would y'all like to do first
12 or which case?

13 Mr. Clodfelter?

14 MR. CLODFELTER: Your Honor, I'm Dan Clodfelter,
15 Parker Poe Adams & Bernstein, appearing in an unexpected role
16 as counsel for the pre-petition debtor, OldCo, LLC, and
17 proposed bankruptcy counsel for that debtor entity.

18 We would propose -- we've discussed this with, with
19 Mr. Miller and with other interested parties -- propose this
20 morning to do the OldCo case agenda first. These are all
21 first-day motions.

22 THE COURT: Uh-huh (indicating an affirmative
23 response).

24 MR. CLODFELTER: Some of them are joint motions,
25 jointly filed in the Garlock case. I think we can expedite

1 matters in the Garlock case if we do the OldCo first-day
2 motions first and then move to the Garlock case second where
3 there are some contested matters.

4 THE COURT: Okay. And the matters that are joint, the
5 joint administration motions, the joint motions, we, we
6 basically take them second before the Garlock, the pure Garlock
7 motions?

8 MR. CLODFELTER: Your Honor, our proposal is, we think
9 a logical sequence, actually, would be to deal with them in the
10 sequence they're on the agenda that we submitted to the Court
11 in the OldCo case and although it may complicate the recording,
12 Mr. Miller and I have discussed the fact that we may, it may be
13 most efficient in terms of court time, if not recording time,
14 for us to make the presentation on the joint motion that's also
15 in the Garlock case and then have Mr. Miller address --

16 THE COURT: Okay.

17 MR. CLODFELTER: -- any supplemental comments he may
18 wish to make with respect to Garlock.

19 THE COURT: Any preference from the parties as to how
20 we announce for this? Do you just want to have one large
21 announcement and I suppose if any of you are appearing only in
22 one case you could say so and otherwise, we'll presume you're
23 in both? Has anyone got other thoughts or beliefs of how we
24 should approach this?

25 (No response)

1 THE COURT: Okay.

2 All right. Well, let's just start. For present
3 purposes, I'm going to call both cases, the OldCo, LLC case and
4 also the Garlock Sealing Technologies cases and for at least
5 the moment for purposes of announcing appearances we will, we
6 will be in both cases and then we will talk about the OldCo
7 matters first and then go back to the contested Garlock
8 matters.

9 So if you will, now's the time to announce and if
10 you're only in one of the cases, please say so. Otherwise, I'm
11 going to assume you're in both, all right?

12 Mr. Clodfelter.

13 MR. CLODFELTER: Your Honor, I am, to repeat, Dan
14 Clodfelter of Parker Poe Adams & Bernstein. I am pre-petition
15 counsel to OldCo, LLC, which is the successor by merger to
16 Coltec Industries, Inc., and proposed bankruptcy counsel
17 subject to retention application submitted for OldCo as debtor
18 and debtor in possession. I'm appearing in an unexpected way
19 this morning, but I'll be calling on Mr. Grier and Mr. Moon, to
20 the extent I need assistance.

21 THE COURT: Okay.

22 MR. SCHILLI: Good morning, Your Honor. David Schilli
23 with Robinson, Bradshaw & Hinson and with me is Andy Tarr. We
24 are -- we have appeared only at this point in the OldCo case,
25 but we are the proposed special counsel for OldCo, LLC as

1 successor by merger to Coltec Industries, Inc. And we have
2 filed this morning a retention application.

3 Thank you.

4 MR. KRISKO: Thank you, Your Honor. Jonathan Krisko
5 from Robinson, Bradshaw & Hinson appearing on behalf of
6 proposed, as proposed special counsel to OldCo as well. Also,
7 I'm appearing on behalf of Garlock.

8 THE COURT: Okay.

9 MR. MILLER: Morning, Your Honor. Jack Miller,
10 Rayburn Cooper & Durham, appearing only for Garlock Sealing
11 Technologies and their, Garrison and Anchor in the Garlock
12 cases.

13 MS. KENNY: Morning, Your Honor. Alex Kenny for the
14 Bankruptcy Administrator's Office.

15 THE COURT: Okay. You're in both, Ms. Kenny, right?

16 MS. KENNY: Yes, Your Honor.

17 THE COURT: Okay.

18 Mr. Guy.

19 MR. GUY: Good morning, Your Honor. Jonathan Guy for
20 Joseph Grier, the Future Claimants' Representative in the
21 Garlock case and proposed Future Claimants' Representative in
22 the new Coltec case. I'm here with my colleague, Mr. Beaman.

23 MR. SWETT: Good morning, Your Honor. Trevor Swett
24 and Jeffrey Liesemer, along with Tom Moon, for the Garlock ACC
25 and we are proposed counsel for what is supposed to be a

1 unified ACC for both cases.

2 THE COURT: All right.

3 Anyone else announcing?

4 Yes?

5 MR. FINCH: Yes. Nate Finch from Motley Rice, Your
6 Honor, for Motley Rice Canadian clients only for the Garlock
7 case.

8 THE COURT: All right.

9 Anyone else announcing in the courtroom?

10 (No response)

11 THE COURT: Are there any telephonic appearances?

12 (No response)

13 THE COURT: Okay.

14 All right. Ready to go. Since there were no
15 objections to proceeding in the order as proposed by
16 Mr. Clodfelter, let's go back there.

17 Lead off.

18 MR. CLODFELTER: Thank you, Your Honor.

19 This morning, we are here to take the next step in the
20 resolution of a procedure that began in June of 2010 with the
21 filing of the Garlock, Garrison, and Anchor chapter 11 cases
22 and today we're here on first day or, more strictly speaking,
23 second-day motions in the bankruptcy case filed by OldCo, LLC.
24 I'm going to -- we're going to try this and we'll see what
25 works. I'm going to refer to the debtor in this case as

1 Coltec. It is the successor by merger to Coltec Industries,
2 Inc. Your Honor's familiar with Coltec.

3 THE COURT: Uh-huh (indicating an affirmative
4 response).

5 MR. CLODFELTER: It is the former parent of Garlock
6 Sealing Technologies. It is still the parent of Garrison
7 Litigation Management, Ltd. and, indirectly, it is the ultimate
8 parent entity for Garrison's subsidiary, the Anchor Packing
9 Company. I think it may be simplest for us to refer to the
10 debtor as Coltec even though it's now known by a different name
11 and to the extent we need to refer to OldCo's current parent
12 entity, a newly formed corporation from recent vintage, we'll,
13 we'll call that New Coltec or EnPro Holdings. With that,
14 we'll, we'll move forward.

15 But we're here, again, to take the next step in that
16 6-1/2 year saga, which we hope will conclude in 2017 with the
17 confirmation of a plan of reorganization jointly for the
18 Garlock debtors, I'll call them, and for Coltec whereby all of
19 those companies resolve their liabilities arising from or
20 related to the manufacture and sale of asbestos-containing
21 products. It's been a long saga. The Court is familiar with a
22 great deal of it and I'm not going to spend a lot of time this
23 morning on history. Let me start with a couple of procedural
24 matters and then I'm going to give an overview that we think
25 will be, some points we want to capture that will undergird,

1 essentially, all of the first-day motions that we have to make.

2 First off, I hope the Court has access to the notice
3 of proposed agenda.

4 THE COURT: I do.

5 MR. CLODFELTER: We propose to follow the motions in
6 the sequence of that agenda with one exception. We're going to
7 probably take Matter No. 10 before Matter No. 9. Mr. Schilli,
8 who will be handling both of those motions, will speak to the
9 reason for that. It's a more logical sequence, really, to do
10 it. But otherwise, we will follow the, the sequence on the
11 agenda. I'll be presenting the first six matters and then
12 Mr. Schilli and Mr. Krisko will take us home on the remaining
13 matters on the agenda.

14 Your Honor, pursuant to a motion which the Court
15 granted on an ex parte basis notice of these motions today was
16 provided to the Ad Hoc Asbestos Claimants' Committee. That's
17 the Coltec Ad Hoc Asbestos Claimants' Committee. We'll say
18 more about that group later. It was provided to the Garlock
19 Asbestos Claimants' Committee. It was provided to Mr. Grier as
20 FCR in the Garlock cases and proposed FCR in the Coltec case.
21 Notice was provided to the Bankruptcy Administrator, to parties
22 on the master service list in the Garlock cases, and any
23 parties requesting notice under Rule 2002. We filed with the
24 court a Certificate of Service on notice matters and I believe
25 notice was duly and properly given as, as instructed by the

1 Court.

2 Let me also say that, in addition to that, we have
3 circulated among the parties in advance, as, as we were able to
4 do so as we prepared them, drafts of these motions and the
5 proposed orders and have received comments, which we have tried
6 diligently to incorporate in the motions as they are filed and
7 before the Court this morning. I'll let parties speak up if
8 they think we've gotten anything wrong or missed or omitted
9 anything, but we think we've faithfully adhered to the
10 comments.

11 In addition to that, last week we met with Ms. Simpson
12 and Ms. Kenny to explain to the Bankruptcy Administrator the
13 motions we propose to bring forward this morning and to answer
14 any questions that they might have about the first-day motions
15 and try to address any concerns that they might have. As well,
16 we have tendered to the Bankruptcy Administrator a proposed
17 standard operating order for the case which conforms to the
18 relief we're requesting this morning from Your Honor, if the
19 motions are, in fact, granted as requested, and we've worked
20 out the form of a standard operating order with the Bankruptcy
21 Administrator's Office. Ms. Kenny is here and I know we'll,
22 we'll speak to any matters that are lingering or of concern to,
23 to the Bankruptcy Administrator.

24 Your Honor, I think that takes care of the question of
25 notice of the motions today. Let me talk briefly about the

1 record and then move into an overview on the motions.

2 We are relying for our record on the declaration of
3 Mr. Joseph Wheatley, which has been filed in the case.
4 Mr. Wheatley is a, one of the managers of Coltec and is the
5 president and treasurer of Coltec. We don't propose to put him
6 on the stand for testimony, but we would rely upon his filed
7 declaration.

8 And in addition to that, Your Honor, in order to try
9 to speed things up this morning we're going to ask that the
10 Court take judicial notice of all the proceedings that the
11 Court has presided over in the Garlock Sealing Technologies
12 case and the Garrison and Anchor cases. We're going to presume
13 the Court will take notice of those and, and avoid having to
14 reintroduce those matters into the record of this case this
15 morning.

16 THE COURT: Objection by anyone on the evidentiary
17 side of this in terms of relying on the Wheatley declaration
18 as, as the movant's evidence and judicial notice in the Garlock
19 case?

20 MR. GUY: No objection from the FCR, Your Honor.

21 MR. SWETT: No, sir.

22 THE COURT: All right. We're all good.

23 Go ahead, Mr. Clodfelter.

24 MR. CLODFELTER: Very good. Thank you, Your Honor.

25 Let me -- I want to start with a couple of broad

1 propositions that undergird the motions that we have today,
2 especially, they're especially important to those motions that,
3 in which the debtor is asking to vary or modify what would
4 otherwise be standard operating rules --

5 THE COURT: Uh-huh (indicating an affirmative
6 response).

7 MR. CLODFELTER: -- or operating practices and
8 procedures in this, for purposes of this chapter 11 case. And
9 I think, as the Court hears the various motions, these will be
10 important to keep in mind because, again, they are the factual
11 predicate or the substantive predicate for the relief that's
12 being requested by several of the later motions we'll hear this
13 morning.

14 The first of those items is just a reminder about the
15 pre-petition claims history of Coltec. The Court knows from
16 prior proceedings in the case that the claims history of Coltec
17 as a potential or actual defendant in asbestos litigation has
18 been completely and intimately intertwined with that of the
19 Garlock debtors. In fact, they're almost inseparable. As the
20 Court will recall from prior presentations, although Coltec has
21 been exposed to thousands, tens of thousands of claims over the
22 course of, of the years, it has paid modest defense costs for
23 those claims and has never paid an indemnity on account of
24 those claims, all such claims having been resolved as part and
25 parcel of the resolution of claims made against one or more of

1 the Garlock debtors. The intertwined history, claims history
2 of this debtor and the existing Garlock debtors, we think, is
3 an important factual predicate for this morning's motions.

4 The second predicate is that the operations of this
5 debtor are very simple compared to many debtors who appear
6 before Your Honor in chapter 11 cases. OldCo as a result of
7 the Coltec reorganization, which has now been consummated -- it
8 was consummated finally on December 31, 2016 -- OldCo now
9 consists of a company whose primary operation is EnPro, what
10 used to be called EnPro Learning Systems. It was a subsidiary
11 of Coltec. It has now been merged into Coltec and operates as
12 an operating division of that company.

13 In addition to that, Coltec owns still the equity
14 interest in the Garrison Litigation Management debtor and also
15 is the beneficiary of several agreements with its new corporate
16 parent, EnPro Holdings, Inc., which provide a source of funding
17 to support the debtor's operations.

18 So we have a very streamlined debtor here which, for
19 many purposes, we think, will support a lot of the relief that
20 we're requesting in later motions.

21 This debtor, as the Court knows, is also a co-
22 proponent of the modified joint plan of reorganization that was
23 filed in the Garlock cases and has been co-proponent in the
24 original negotiation and formulation of the, of that plan and
25 in the filing of that plan last summer.

1 As the Court also knows from prior proceedings, the
2 Garlock case that was a pre-packaged plan as to Coltec, we've
3 now completed the solicitation of acceptances and I think, as
4 appears in the motion papers, the balloting that concluded in
5 December of last year resulted in over 95 percent by both
6 number and an amount of acceptance by claimants against Coltec
7 and also by claimants against the Garlock debtors of that
8 proposed joint plan of reorganization. Under that plan, under
9 that plan, the claims against this debtor, Coltec, and the
10 claims against the Garlock debtors will be channeled to a
11 single combined trust for all debtors and will be reviewed and
12 paid in accordance with a single set of substantive and
13 procedural criteria that will apply to all claimants alike,
14 whether their claims arise out of exposure to products of the
15 Garlock debtors or out of alleged exposure to products that
16 were manufactured or sold by former subsidiaries or affiliates
17 or divisions of the Coltec debtor.

18 So there is a unity, again, and continuing that pre-
19 petition practice, there was an unity of interest and a unity
20 of treatment in the case.

21 And the last overview point I'll provide to the Court
22 is this: Under the joint plan of reorganization of which this
23 debtor is a co-proponent -- and I should, I should say
24 procedurally we have filed a joint plan in this case. It was
25 filed along with the first, the petition and first-day motions.

1 So that plan is now filed in the case -- under that plan, under
2 that plan, all claims against this debtor, Coltec, will pass
3 through the bankruptcy except for asbestos claims, which will
4 be channeled. All other claims will pass through the
5 bankruptcy unimpaired, unaffected, and will be assumed by the
6 reorganized debtor. And we think that's an important context
7 point to keep in, in mind when the Court considers some of the
8 variations that we're asking for standard operating procedures
9 and standard practices.

10 With that overview, Your Honor, I'm going to not go
11 back and rehearse the history of the Coltec restructuring. We
12 were last before you on December the 16th in the Garlock cases
13 and at that time Mr. Cassada, I think, walked the Court through
14 the --

15 THE COURT: Sure.

16 MR. CLODFELTER: -- Garlock restructuring.

17 I do have available, if the Court needs it or wants to
18 refer to it, the slide deck that Mr. Cassada used on December
19 16th. I don't propose to repeat any of that unless the Court
20 has a particular need for it.

21 THE COURT: No. I still have it as well.

22 So thank you.

23 MR. CLODFELTER: Thank you. Thank you, Your Honor.

24 With that, then, I'll move into the first of the
25 motions that we have on this morning and that is a motion that

1 is jointly filed in this case and in the Garlock cases for
2 joint administration of this case with the Garlock cases under
3 Rule 1015(b). And again, I -- I -- I hesitate to say too much
4 about these motions because I think the predicate I've set
5 already in the opening overview gives a sufficient basis for
6 it, for the motion itself. It would be terribly confusing,
7 frankly, if at this point, at this stage of the game, at this
8 late day, we began to maintain separate dockets, separate
9 notices, separate hearings, and separate filings. It'd be
10 tremendously complex for the Court and for the parties, for the
11 clerk's office.

12 And so, Your Honor, we would tender the motion to the
13 Court on the papers as filed and see if the Court has any
14 question about the motion for joint administration. I should
15 say we would use the Garlock case, as we have used for the
16 Garrison and Anchor cases, we would use the Garlock case as the
17 lead case for the Coltec debtor as well.

18 THE COURT: Any parties wish to speak to the motion?

19 (No response)

20 THE COURT: All right. It's approved.

21 MR. CLODFELTER: Your Honor, I don't know if
22 Mr. Miller wants to say anything about the, whether that motion
23 should be approved in the Garlock case.

24 MR. MILLER: No comments, Your Honor. We're joint
25 proponents and so we would move as well.

1 MR. CLODFELTER: Okay.

2 THE COURT: All right. If -- you only need to speak
3 up if you want to speak in opposition to the motion or, or
4 correct or augment what has been said. Me toos aren't
5 necessary. I'm assuming that at this point.

6 All right.

7 MR. CLODFELTER: Thank you, Your Honor.

8 With that, we'll move to the second item is, again, a
9 motion filed jointly in the Coltec case and in the Garlock
10 debtors cases. It's a motion to constitute and to appoint a
11 committee to represent asbestos claimants in the Coltec case.
12 The joint motion is to also have that reconstituted committee
13 function as, continue to function as the committee representing
14 asbestos claimants in, in the Garlock cases. This is not only
15 filed jointly in the two cases, but it's also jointly filed by
16 the debtor in this case and by two other groups, the Ad Hoc
17 Committee of --

18 THE COURT: Uh-huh (indicating an affirmative
19 response).

20 MR. CLODFELTER: -- representing Coltec claimants and
21 the Official Committee representing the Garlock asbestos
22 claimants.

23 Your Honor, when we began negotiations approximately a
24 year ago now leading to the formulation of the joint plan there
25 was a need, of course, to constitute a group of parties who

1 would represent the interests of, of the Coltec asbestos
2 claimants to the extent they were not coterminous with the
3 interests of Garlock claimants. And so under the leadership of
4 the Asbestos Claimants' Committee in the Garlock cases an ad
5 hoc committee was constituted consisting of six law firms who
6 represented clients, all of whom had filed or had asserted
7 claims against Coltec alleging exposure to the products of
8 Coltec divisions or subsidiaries and had done so before the
9 filing of the Garlock bankruptcy. They had filed those claims
10 or asserted those claims before that point at which point, the
11 Court will recall, Judge Hodges entered a stay staying
12 litigation against the affiliates, including against Coltec, in
13 order to preserve the benefit of insurance for the Garlock
14 debtors.

15 So that committee of six attorney, six firms
16 functioned as an ad hoc committee to negotiate on behalf of and
17 to represent the interests of the Coltec asbestos claimants. I
18 should add that all but one of those law firms also represented
19 members of the Official Committee of Asbestos Claimants in, in
20 the Garlock cases. And so there was, again, a substantial
21 overlap because they were also representing Garlock claimants
22 and constituted the Official Committee.

23 We're asking today -- the six firms -- just -- I'm,
24 I'm not going to go through all of the details -- they're
25 identified in Paragraph 17 of the motion --

1 THE COURT: Uh-huh (indicating an affirmative
2 response).

3 MR. CLODFELTER: -- papers for the Court's benefit and
4 as I say, all but one of those firms also represented claimants
5 against the Garlock debtors. What we are proposing by the
6 motion before the Court today is to take that committee, or to
7 take the Official Garlock Asbestos Claimants' Committee --

8 THE COURT: Right.

9 MR. CLODFELTER: -- to add three additional members to
10 that committee who are individuals who hold claims against the
11 Coltec debtor and then to take that restructured committee and
12 appoint it as the officially constituted committee representing
13 asbestos claimants in the Coltec case.

14 In summary, that's the relief requested. The three
15 individuals that we're proposing to add to the committee are
16 identified in Paragraph 25 of the motion papers. And again,
17 they're represented by law firms that also represent Garlock
18 claimants.

19 Your Honor, Mr. Swett, who has been instrumental along
20 the way in helping us organize the Ad Hoc Committee and then
21 put together the proposed joint committee, may, may wish to
22 address the motion at this point.

23 I'm, I'm done and will respond to questions.

24 THE COURT: Mr. Swett.

25 MR. SWETT: Your Honor, I don't think I need to

1 elaborate on Mr. Clodfelter's comments except to say that all
2 of this was forecasted in the disclosure statement. We've
3 adhered closely to the approach laid out there.

4 The three claimants that we would propose to add to
5 the Committee for purposes of expanding its charter to include
6 the Coltec case are each represented by an able law firm
7 experienced in the prosecution of claims against Coltec. They
8 include one claimant who's not represented by counsel who
9 represents a member of the Garlock Committee. That claimant is
10 represented by the Lanier firm, a very distinguished trial firm
11 that will add a lot of knowledge and experience when it comes
12 to the Coltec side of the activity.

13 So the efficiency of putting all of this on a single
14 track with an integrated committee bringing to bear the
15 accumulated knowledge both of this case and the Coltec claims
16 history seem obviously compelled.

17 Thank you.

18 THE COURT: Any other party wish to address this
19 motion?

20 (No response)

21 THE COURT: We're good? Any -- I'm --

22 MR. CLODFELTER: Again, Your Honor, the motion is to
23 constitute this committee as the official committee in this
24 case and to, in the Garlock cases, to approve an expansion of
25 the existing committee in the Garlock cases.

1 All right, Your Honor. With that said, I'll move to
2 the third motion, which is the motion, debtor's motion to
3 appoint Joseph W. Grier, III as the representative of future
4 claimants and demand holders in the Coltec case.

5 Your Honor, the title of the motion says it all.

6 THE COURT: Uh-huh (indicating an affirmative
7 response).

8 MR. CLODFELTER: And again, we'd ask for the Court to
9 take judicial notice of Mr. Grier's six-year history as a very
10 diligent and vigorous future claimants' representative in the
11 Garlock cases. We can represent to the Court that Mr. Grier
12 acted with the same degree of vigor and diligence all
13 throughout the negotiations prepetition of the proposed joint
14 plan which is now proposed by, by Coltec. We think he will
15 continue to do so throughout the course of administration of
16 the case and would ask that he be appointed the future
17 claimants' representative. We've received no conflict in his
18 acting in this capacity in both sets of cases. Again, because
19 of the structure I described earlier of the joint plan we do
20 not perceive any conflict to Mr. Grier acting in both roles.

21 And with that, Your Honor, we'll stop and see if
22 others wish to comment.

23 THE COURT: Other parties?

24 (No response)

25 THE COURT: All right.

1 MR. CLODFELTER: I should add Mr. Grier has agreed to
2 serve in this capacity.

3 THE COURT: Mr. Grier, it seems like you've all of a
4 sudden acquired a lot more experience as a future claims rep as
5 you had a few months ago.

6 So approved.

7 MR. SWETT: Your Honor, was there a ruling of record
8 on the committee motion? I didn't hear.

9 THE COURT: Yes, sir, I did.

10 MR. SWETT: Thank you.

11 THE COURT: I approved that.

12 MR. CLODFELTER: My apologies, Your Honor. I may be
13 moving a little too quickly on that.

14 THE COURT: Oh, no. I didn't speak as loudly.

15 The Grier motion is approved.

16 MR. CLODFELTER: With that, Your Honor, we'll move
17 next to the fourth motion, which is a motion to appoint the
18 Rust Omni firm as noticing, claims, and balloting agent in the
19 Coltec case. This motion is supported by the declaration of
20 Paul Deutch which is attached to the motion papers.

21 Essentially, what we propose for Rust and Omni to do in this
22 case is to provide the same services as they have provided in
23 the Garlock cases. Rust has agreed to operate in this case
24 under the same services agreement dated June of 2014 that
25 exists in the Garlock cases, same terms and conditions. In

1 fact, Your Honor, we're getting a little bit of, of the benefit
2 already from Rust Omni because, as the Court knows, the
3 prepetition, the pre-packaged solicitation's already been
4 conducted by Rust. They've already received, processed, and
5 reviewed the ballots of the case.

6 So essentially, what we have for them here is some
7 clean-up work from that task, those tasks, but to serve as
8 noticing agent in this case.

9 Your Honor, with that, we'll, we'll stop and see if
10 any others wish to comment.

11 THE COURT: Any other parties wish to be heard on the
12 Rust motion?

13 (No response)

14 THE COURT: Do not. Okay. It's approved.

15 MR. CLODFELTER: Thank you, Your Honor.

16 That takes us to the fifth motion, which is motion to
17 retain the firm of Bates White as asbestos claims consultant in
18 this case, the Coltec case. The Court is well familiar with
19 the firm and its services in the Garlock cases. The Bates
20 White firm has provided consultation to those debtors and to
21 Coltec as well in the formulation of the joint plan and in
22 terms of analysis of the claims history, in terms of analysis
23 of the expected performance of the proposed 524(g) trust under
24 the joint plan and we would ask that Mr. Bates be retained, his
25 firm be retained in this case.

1 This motion is supported by the accompanying
2 declaration of Charles Bates. Again, the Bates White firm
3 would essentially provide the same services on the same terms
4 and conditions in this case as they're currently providing in
5 the Garlock case.

6 Your Honor, unless --

7 THE COURT: All right.

8 MR. CLODFELTER: -- the Court has questions, I will --

9 THE COURT: Any other party wish to speak on that
10 motion?

11 (No response)

12 THE COURT: It is approved.

13 MR. CLODFELTER: Thank you, Your Honor. That takes us
14 to the sixth motion. This motion has several components and
15 I'm, I'm going to speak about them in a little slightly
16 different organization than they're laid out in the motion
17 papers.

18 But the motion here is to approve the maintenance of
19 Coltec's existing bank account and banking arrangements with
20 Bank of America, to establish procedures for the investment of
21 excess cash, and for a limited waiver of the deposit guidelines
22 with respect to the management of Coltec's cash. That's the
23 first group of items I'm going to address. The motion also
24 then asks for the continued use of Coltec's existing contracts,
25 business forms, purchasing orders, invoices, and so forth. And

1 finally, we're asking for the Court to approve a pre-petition
2 inter-company services agreement entered into between Coltec
3 and its ultimate parent entity, EnPro Industries, Inc., and to
4 acknowledge that the services provided postpetition under that
5 inter-company services agreement will be afforded
6 administrative expense priority status as necessary expenses of
7 the operation of the estate. Let me take the banking matters
8 first, Your Honor.

9 THE COURT: Uh-huh (indicating an affirmative
10 response).

11 MR. CLODFELTER: OldCo has, essentially, two sources
12 of funds or Coltec, I should say. Excuse me.

13 THE COURT: Uh-huh (indicating an affirmative
14 response).

15 MR. CLODFELTER: First, it has operating revenue from
16 its EnPro Learning Systems seminars and, and educational
17 programs that it conducts. The second source of funds is the
18 Keepwell Agreement with its corporate parent, EnPro Holdings,
19 Inc., under which EnPro Holdings, Inc. has agreed to advance
20 funds as needed by Coltec for purposes of the administration of
21 this chapter 11 case and for the payment of necessary expenses
22 in the case. Those are, really, the only two sources of funds
23 that the debtor currently has.

24 The debtor maintains one bank account. The debtor was
25 organized, of course, at the end of last year and we filed the

1 petition on January 30th, which is the close of the fiscal
2 year. Actually, it's the beginning of a new fiscal year for
3 the EnPro System and the EnPro group of companies. So we've
4 only been operating that account for a fairly limited part of
5 time on behalf of Coltec. That account is with Bank of America
6 and is a very simple account. Coltec doesn't use checks out of
7 that account. It makes disbursements by ACH or by a wire
8 transfer.

9 So there are no problems of handling items presented
10 against the account or collected through the, through the
11 checking or the depository system.

12 In addition to that, Coltec does not have any
13 employees of its own. It, it purchases contractual personnel
14 services to put on its seminars and educational programs. So
15 it doesn't maintain a payroll account and doesn't have to
16 manage a payroll account.

17 In addition to that, it has only the very most minimal
18 liabilities for taxes. There are no taxes for which it's
19 required to establish tax deposit accounts or escrow accounts.

20 So this is a very, very simple, simple debtor in that
21 regard.

22 Again, Your Honor, the, the motion before the Court
23 asks that we be allowed to continue the pre-petition bank
24 account with Bank of America and allow the bank to administer
25 that account in the normal course as it would do if this

1 debtor, if this petition had not been filed. That includes the
2 various charges and fees that the bank would impose under the
3 depository agreement on the account, the collection of items in
4 the account, the chargeback of items in the account. We will
5 be able through the accounting system, of course, to determine
6 which of those are prepetition and which are postpetition.

7 THE COURT: Uh-huh (indicating an affirmative
8 response).

9 MR. CLODFELTER: So we don't think there'll be any
10 prejudice from continuing the account but more importantly, as
11 I said to the Court in the opening remarks, the Court will
12 remember that all claims, all claims against the Coltec debtor,
13 other than asbestos claims, will pass through this bankruptcy.
14 In effect, it will be assumed.

15 So there's really no prejudice from continuing the
16 operation of that account across the petition date.

17 The second thing we asked, Your Honor, is for a
18 modification of the deposit guidelines and for approval of the
19 invest, program for the investment of, of Coltec's excess cash.
20 Your Honor, the, pursuant to the Keepwell Agreement and in, in
21 accord with the understanding of the parties, on the, prior to
22 the petition date Coltec's parent advanced to Coltec the sum of
23 \$5 million which was placed on deposit in the bank, a bank
24 account at Bank of America, again to fund the necessary
25 operating expenses of this estate, possibly even to overfund,

1 probably even to overfund the necessary operating expenses of
2 the estate. And, of course, that's well in excess of the FDI-
3 insured limit for a normal depository account at Bank of
4 America.

5 Through some work with Bank of America Securities, an
6 affiliate of Bank of America, what Coltec proposes to do with
7 funds that exceed the FDI-insured limit is to move those funds
8 into an investment account managed with Bank of America
9 Securities, which account would contain only instruments and
10 obligations backed by the full faith and credit of the United
11 States and we would structure that in such a way as to provide
12 the necessary liquidity so that as Coltec is required to, to
13 make disbursements from its operating account at Bank of
14 America it could liquidate the investments in the investment
15 account, transfer the funds, and then make the disbursements.

16 Your Honor, we've been working on this program to try
17 to identify a way to maximize the return to the estate, which,
18 of course, is what 345 suggests we ought to be doing, but to do
19 so in a way that balances the maximum return with the necessary
20 liquidity and also with the security of the proposed
21 investments.

22 Your Honor, that's the second banking component and we
23 would ask that the Court approve that mechanism. We have not
24 yet put it in place with Bank of America pending the Court's
25 consideration of the motion, but we would propose to move

1 forward.

2 We discussed this with the Bankruptcy Administrator
3 and I will let Ms. Kenny speak if they have any remaining
4 concerns about the manner in which we would propose to manage
5 those excess funds beyond the FDI-insured limit.

6 I should disclose, of course, that there may be some
7 mismatch for some very short period of time between the
8 liquidation of, of an instrument in the investment account --

9 THE COURT: Sure.

10 MR. CLODFELTER: -- the funding of the disbursement
11 account, and then the payout of the funds, but we think that
12 will be a very, very short period of time, no more than
13 overnight. Again, since this debtor does not use checks, there
14 won't be any real float on the account.

15 THE COURT: Ms. Kenny, do you want to --

16 MS. KENNY: Your Honor --

17 THE COURT: -- speak to this?

18 MS. KENNY: -- we don't have an objection to the
19 motion per se except we do have a bit of concern -- and I know
20 it may be a very brief period of time -- but we do have a bit
21 of concern that if there are funds in the account that exceed
22 the FDIC-insured amount, that there be a bond posted for those
23 amounts that exceed that. Granted, it sounds like it will be a
24 very short period of time, but there -- it could be expanded
25 and we just don't know.

1 So we would ask that any amounts beyond that, that
2 there be a bond.

3 THE COURT: Of how much?

4 MR. CLODFELTER: Your Honor --

5 MS. KENNY: I think it would depend on --

6 MR. CLODFELTER: -- it may be difficult to size the
7 bond because we --

8 THE COURT: Right.

9 MR. CLODFELTER: -- don't know the amount of any
10 excess at any, any given time. We're -- we're -- we intend to,
11 to make the investments in, in the Treasuries, essentially, so
12 that we can draw it down in slugs that will as nearly as
13 possible --

14 THE COURT: Right.

15 MR. CLODFELTER: -- keep within the FDIC limit. We
16 would, we would hope that we're not in a position where we'll
17 ever really have to worry about a bond on a bank account.

18 THE COURT: Okay. I'm not even sure -- you were
19 anticipating. My second question is, can you even get a bond
20 for that particular purpose? That, that sounds like a very
21 fine point on it.

22 I'm not inclined to do that right now, Ms. Kenny. I,
23 I believe, given the nature of these debtors, the fact that
24 they have an operating business and, and the short periods of
25 time that the money is going to be in that account, I, I think

1 we're all right. Again, not our typical debtor's set of
2 problems that we have in these two cases, so.

3 MR. CLODFELTER: Your Honor, I might say for, for
4 Ms. Kenny's comfort that the primary disbursements in the
5 course of administration of the case would like, that that
6 would likely be professional expenses and I think Ms. Kenny
7 knows where to find the lawyers in case anything should go
8 wrong.

9 THE COURT: That's a cheerful prospect.

10 Any other parties want to address this motion?

11 (No response)

12 THE COURT: Okay.

13 MR. CLODFELTER: Your Honor, there are two other
14 components to the motion. I, I wanted to give Ms. Kenny a
15 chance, though, to speak to --

16 THE COURT: Okay.

17 MR. CLODFELTER: -- the bank account.

18 THE COURT: Go ahead. I thought you were done.

19 MR. CLODFELTER: No, no.

20 The second is relatively straightforward. Again, we
21 have letterhead. We have contract forms and so forth. We'd
22 prefer to maintain those as, as we've had them in the very,
23 very short period prior to the filing of the petition on
24 January 30th.

25 THE COURT: All right. Anyone else?

1 (No response)

2 THE COURT: In that case, the motion is approved as
3 filed.

4 MR. CLODFELTER: Finally, Your Honor, the final
5 component is most of the corporate services that one would
6 think of as being an essential administrative service is legal,
7 accounting, human, human relations, tax advice and tax
8 management, and so forth within the EnPro group of companies
9 are provided at the, at the parent level. And then the costs
10 of those functions are charged back on a proportional
11 allocation basis to the various subsidiaries.

12 Prior to the petition Coltec entered into a written
13 inter-company services agreement with the parent entity to
14 memorialize the agreement with respect to the provision of
15 those services and the allocation of the charges for those
16 services. That had been going on, frankly, under an
17 undocumented form for a long time. We believe that the, the
18 debtor probably has ordinary course authority to enter into
19 such an agreement.

20 But again, for purposes of transparency so that
21 everyone could see what's going on among the affiliates and how
22 the transactions would be managed we thought it appropriate to
23 bring the agreement before the Court this morning and seek the
24 Court's approval for the agreement. Frankly, under the
25 structure of the agreement we're not even sure it will operate

1 very actively during the course of administration. If we're
2 successful in --

3 THE COURT: Uh-huh (indicating an affirmative
4 response).

5 MR. CLODFELTER: -- confirming and consummating a plan
6 in the year 2017, we may never actually see the agreement again
7 because the first settling up or true-up date under the
8 agreement would be in January of 2018 under the structure of
9 the agreements and annual reconciliation of charges. In the
10 event, though, anything goes off the rails, we thought it
11 appropriate for the Court to see the agreement, be comfortable
12 with the agreement, and for the parties and the Court to
13 understand that it would be the intent that any charges
14 incurred and assessed against Coltec under that agreement to
15 the extent necessary would be paid as costs and expenses of
16 administration of the chapter 11 case.

17 Your Honor, I need to modify one thing that's in the
18 motion papers we've had some discussion about and we've also
19 talked with the other interested parties this morning about.

20 There is a component of the inter-company services
21 agreement that references a tax-sharing agreement.
22 Essentially, what, what would happen there is the allocable
23 portion of taxes paid at the parent level on a combined basis
24 that are generated as a result of the income generated by
25 Coltec would be assessed back against, as charges back against

1 Coltec. There is a June 1, 2010 agreement on tax sharing.
2 Unfortunately, that agreement was never fully executed among
3 all the various parties in the EnPro enterprise. And so in
4 order to avoid any questions or issues about whether that
5 agreement is or is not in place, is or is not effective, we
6 would simply propose to modify the relief requested this
7 morning to exclude from the inter-company services agreement
8 the tax-sharing arrangement and would say to the parties that
9 in the event that becomes an issue we would bring that matter
10 back before the Court on notice and hearing for the Court's
11 separate consideration.

12 We would, modify, therefore, the order that we've
13 attached as an exhibit to this motion to exclude the tax-
14 sharing component and provide that any further consideration of
15 that element would be done only after notice and hearing,
16 further consideration by the Court.

17 THE COURT: Does anyone want to speak with regard to
18 the banking arrangements, the inter-company accounts, and the,
19 the tax sharing?

20 (No response)

21 THE COURT: Let me ask a conceptual question. If, if
22 the true-up is not until next year and you're planning to
23 confirm in May, how do we deal with administrative expenses, if
24 any, that are owed? Do they, do they just follow
25 implementation of the plan or --

1 MR. CLODFELTER: They would, Your Honor, and again, as
2 I said, all obligations of this debtor other than the asbestos
3 obligations that are being channeled to the trust are going to
4 be assumed by the reorganized debtor and paid in the ordinary
5 course, just like Coltec or any other subsidiary of EnPro.

6 THE COURT: I was trying to remember whether the plan
7 had a payment of admin expenses as 30 days, or whatever, after
8 the effective date, or something to that effect. I assume you
9 have a savings clause in the plan that says "or as otherwise
10 agreed"?

11 MR. CLODFELTER: Your Honor taxes my memory this
12 morning about the details of the joint plan. We'll, we'll look
13 at that and if we find any --

14 THE COURT: That's why I was asking. I couldn't
15 remember, either, so.

16 MR. CLODFELTER: But, but again, we would propose to
17 pay those in the ordinary course --

18 THE COURT: All right.

19 MR. CLODFELTER: -- as, as I say, as with other
20 subsidiaries --

21 THE COURT: Basically meaning next --

22 MR. CLODFELTER: -- non-bankruptcy subsidiaries,
23 right.

24 THE COURT: In 2018?

25 Anyone else wish to speak with regard to the motion,

1 which I've tried to approve before you finished,

2 Mr. Clodfelter, twice?

3 (No response)

4 MR. CLODFELTER: I should be so lucky on all my --

5 THE COURT: Right.

6 MR. CLODFELTER: -- my motions, Your Honor.

7 THE COURT: Well, my job gets a lot easier when you
8 are all agreeing.

9 Anyone?

10 (No response)

11 THE COURT: Okay. That is approved.

12 MR. CLODFELTER: Okay, Your Honor.

13 And with that, as I say, I'll turn to rest of the
14 agenda over to Mr. Schilli and Mr. Krisko.

15 THE COURT: Mr. Schilli?

16 MR. SCHILLI: Good morning, Your Honor. David Schilli
17 on behalf of the debtor, Coltec.

18 THE COURT: Okay.

19 MR. SCHILLI: With your, with your permission, Your
20 Honor, I'm going to address the motions that are on the agenda
21 Nos. 7 through 10 and then, with your permission, turn the
22 microphone over to Mr. Krisko to address No. 11 and No. 12 on
23 the agenda. And Mr. Clodfelter mentioned or forecasted that
24 maybe the batting order might change when we get down to No.
25 10. I'll address that when we get there unless you have any

1 questions at this stage.

2 THE COURT: All right.

3 MR. SCHILLI: Your Honor, the first matter is Item No.
4 7 on the agenda. It's No. 10 in the docket.

5 THE COURT: Uh-huh (indicating an affirmative
6 response).

7 MR. SCHILLI: This is just in the OldCo or the Coltec
8 bankruptcy case. In this motion, Your Honor, we're asking that
9 the Court waive the obligations for the debtor to file
10 schedules other than Schedule G and to waive the obligations to
11 file a Statement of Financial Affairs. We also ask that we not
12 be required to file the 20 largest creditor list and as a
13 result of that, the Bankruptcy Administrator not be required to
14 solicit interest for a creditors' committee in this case. We'd
15 also ask that the Court waive the obligation for a 341 meeting.

16 Under the unique circumstances of this case, I realize
17 that this, this relief could be viewed as a little bit
18 extraordinary, but under the unique circumstances of this case
19 I think it's in order. As Your Honor knows from
20 Mr. Clodfelter's presentation, this case was filed really to
21 enable Coltec to implement this comprehensive settlement and to
22 permanently resolve all of the Coltec asbestos claims in the
23 case alongside all of the Garlock asbestos claims. The
24 claimants have all overwhelmingly accepted the plan that has
25 been solicited prior to the bankruptcy of Coltec. There is an

1 unsecured creditors' committee in the Garlock case and if these
2 cases are jointly administered, we believe that the interest of
3 any general unsecured creditors in this case will be adequately
4 represented by that committee as well.

5 And I would also remind the Court that the non-
6 asbestos creditors are not and will not be impaired by this
7 plan, by the joint plan, or by the comprehensive settlement and
8 they're just, as Mr. Clodfelter referred to, they're going to
9 pass through this bankruptcy case and will ultimately be
10 assumed by the reorganized debtor and paid.

11 I would note that the relief we ask here is
12 specifically provided for in the Southern District of New York
13 Local Rules as it relates to pre-packaged bankruptcy cases. I
14 recognize that we are not in the Southern District of New York,
15 but it is routinely, it is relief that is routinely granted
16 there and I wanted the Court to be aware of that so you didn't
17 feel like you were going out on, too far out on a limb if you
18 were to grant the relief we've asked for here.

19 I would note that prior to the hearing today we have
20 circulated the motion and the order to the other parties in
21 interest and, and the order has been approved by the Garlock
22 Committee and the Ad Hoc Committee and there, there is a
23 provision in the order that says if the joint plan is either
24 withdrawn or not confirmed, then any party can come back before
25 the Court and ask that we revisit these issues.

1 I think prior to the hearing Ms. Kenny indicated that
2 she might want to bring something to the Court's attention with
3 respect to that. I'm happy to answer any questions that you
4 have or respond to anything that Ms. Kenny might have to say
5 about it.

6 But for all those reasons, Your Honor, in the unique
7 circumstances of this case we don't believe that any real
8 purpose will be served by filing the schedules or the SOFAs.

9 MS. KENNY: Your Honor, this is a unique case and
10 after having met with Mr. Schilli and a few others last week
11 they explained how this all, this is dovetailing into the
12 Garlock case and that the only claimants or the only claims
13 that will pass through are the asbestos claims.

14 We just do find that it's extraordinary relief and if
15 there's, if we don't know who the creditors are, I think it
16 makes it a bit difficult. But if this is -- we just have a
17 little bit of pause with regard to that, but I think that
18 Mr. Schilli and Mr. Clodfelter have done a good job of
19 explaining why this is an extraordinary case and unique
20 circumstances exist.

21 THE COURT: Anyone else?

22 (No response)

23 THE COURT: I agree it's extraordinary, but, and I
24 wouldn't want to make a practice of it, but it -- effectively,
25 this was all contemplated that these two cases would, would run

1 towards reorganization in, on parallel tracks.

2 So I think it's warranted under the circumstances and
3 will approve the motion.

4 All right.

5 MR. SCHILLI: Thank you, Your Honor.

6 I, I'm going to take the, the comments that you just
7 made as a nice segue into the remainder of the motions on the
8 calendar this morning because I think all of the remaining
9 motions are geared towards dovetailing the OldCo or Coltec
10 bankruptcy case with the notice procedures and the calendar,
11 essentially, or the scheduling of the Garlock case.

12 So with that, I'd like to move to No. 8 on the agenda,
13 which is Docket Entry 16, and I would say that this is a motion
14 that has been filed in both the Garlock case and in the Coltec
15 case.

16 THE COURT: Uh-huh (indicating an affirmative
17 response).

18 MR. SCHILLI: And this is a motion for an order
19 establishing case management and notice procedures in this case
20 -- "this case" being the Coltec case -- and the use of a single
21 master service list in both cases.

22 Essentially, what we're asking for, if the Court were
23 to approve it, is to require or permit all filings in this case
24 and all filings in any adversary proceedings that may be
25 initiated in the case to be subject to what we would, we have

1 called the Garlock notice procedures and essentially apply
2 those same notice procedures to matters in this case and
3 particularly, if this case is going to be jointly or now that
4 it has been jointly administered, it seems to make sense to us
5 to allow everything to, to run along the same track to simplify
6 it for all of the parties in interest.

7 We would ask that the notice be limited, any notices
8 of filings in, in this case be limited to any parties and
9 entities listed on the master service list --

10 THE COURT: Uh-huh (indicating an affirmative
11 response).

12 MR. SCHILLI: -- as may be required under Bankruptcy
13 Rules. In the motion we've listed several Rules that we think
14 might apply, for instance, if we're going to use, sell, or
15 lease property of the estate and things like that or whether
16 there's stay relief. And so we would follow the Rules as it
17 relates to those particular matters. And then if there's
18 anybody who has a particularized interest in the subject of a
19 filing, then they, of course, would be required to get the
20 filing and notice of, of the filing. And then, of course, if
21 anybody files after today a 2002 notice, they would be added to
22 the master service list that's in place.

23 So we would ask that the Court approve the notice
24 procedures that are already in place in Garlock, but approve
25 them in the Coltec case and also approve the use of a single

1 master service list in, in this case.

2 THE COURT: Mr. Miller, did you have a chip-in on this
3 one, or --

4 MR. MILLER: Your Honor, the only, I guess, maybe
5 clarification is that we've got two proposed orders that are
6 attached to the motion, one, one here in the OldCo case that
7 provides the relief that Mr. Schilli just described, then one
8 that would be entered in the Garlock case that only deals with
9 the, with the use of a single master service list.

10 So it'll be two different orders coming, coming to the
11 Court.

12 THE COURT: Okay.

13 Other parties wish to weigh in on this motion?

14 (No response)

15 THE COURT: All right. If not, approved.

16 MR. SCHILLI: Thank you, Your Honor.

17 And, and from a housekeeping perspective, the order
18 that we have attached to our motion, on the motion we just
19 argued, we have gotten a comment from the, the Garlock
20 Committee and we're going to incorporate that comment --
21 there's no objection from the debtor on that -- and we'll
22 tender a new order, but we'll, of course, circulate it to the
23 Committee before tendering it to the Court.

24 THE COURT: For the rest of us, do you want to just
25 tell me briefly what it, what it does?

1 MR. SCHILLI: I'll be happy to do that, Your Honor.

2 THE COURT: You sure?

3 MR. SCHILLI: In the order that was submitted with our
4 motion there was a reference to the Ad Hoc Committee members
5 being part of the Garlock Committee. And there's a --
6 substantively, I believe it remains the same -- but the comment
7 that we received was that instead of the motion, instead of the
8 order saying, "If members of the Ad Hoc Committee are permitted
9 to join the Garlock Committee," the Committee would ask that
10 the order say, "If Coltec asbestos claimants are appointed as
11 new members of the Garlock Committee," and so we're happy to
12 make that change.

13 THE COURT: Does that cause the BA any problems? WE
14 good there?

15 MS. KENNY: No, Your Honor.

16 THE COURT: Okay. Fair enough.

17 MR. SCHILLI: Thank you.

18 Your Honor, now we're down to the last two matters
19 that I was going to argue to the Court and now we're going to,
20 I think --

21 THE COURT: Uh-huh (indicating an affirmative
22 response).

23 MR. SCHILLI: -- with, with your permission, take
24 things out of order. And I'd like to turn to No. 10 on the
25 agenda, which is Docket Entry 17. The, the reason I'd like to

1 take them out of order is because as, as I was preparing for
2 today I realized that the motion that's listed at No. 9 makes
3 reference to this motion at No. 10 and I think Motion No. 9 may
4 make a little more sense and we can get through that a little
5 more quickly if we address the motion on the agenda at No. 10
6 first.

7 So with that, Your Honor, I'd like to address Docket
8 Entry No. 17, which is the debtor's motion to approve the
9 notice procedures for asbestos claimants. Again, these are the
10 same procedures that have been in the, in place in the Garlock
11 case now for over six years and they've worked pretty well and
12 I would ask that the Court allow those procedures to be adopted
13 here. And those asbestos claimant notice procedures are as
14 follows:

15 That the parties would send notices and other
16 communications to the Coltec asbestos claimants solely to their
17 counsel of record instead of sending the notices and
18 communications to the claimants, themselves. If we are aware
19 of a Coltec asbestos claimant not represented by counsel, then
20 we would, of course, send notices to the claimant. And, and
21 typically, we would learn of that, the identity and the
22 address, by either a proof of claim filed in the case or one of
23 the ballots that may have been submitted.

24 And then the other notice to the Coltec asbestos
25 claimants would be to the Future Claims Representative as well

1 as his counsel.

2 So we would ask that you approve those notice
3 procedures and also relieve us of obligations to deliver
4 notices or communications to the claimants, themselves. The,
5 the motion that we've circulated prior to the case filing and
6 the order were both reviewed and approved by the Garlock
7 Committee and the Ad Hoc Committee counsel and we've not
8 received any comments from the FCR, his counsel, with respect
9 to that order.

10 THE COURT: Any other party wish to speak with regard
11 to the motion?

12 (No response)

13 THE COURT: There being none, we'll assume that it's
14 all suitable to everyone else and it is approved.

15 MR. SCHILLI: Thank you, Your Honor.

16 And now I'd like to go back on the agenda to No. 9,
17 which is Docket Entry 19. This is a matter that's just in the
18 OldCo case and it's our, it's Coltec's motion for approval of
19 the form of the commencement notice here, the mailing and
20 publication of that notice, and -- there are really four points
21 that we would like the Court to be aware of. First, we have
22 attached to the motion the form of the commencement notice. It
23 differs from the official bankruptcy form in a couple of ways.
24 First, it does not identify a first meeting of creditors date
25 and time and secondly, it also directs parties in interest to

1 the Court's website as well as the Rust website in case anybody
2 wants information about the case.

3 We would ask that you approve the manner of the
4 mailing of that commencement notice. Rust is going to handle
5 the service of that and we're going to serve that on the list,
6 or the mailing matrix that we've attached to the petition,
7 which is nearly 1400 pages long.

8 THE COURT: All right.

9 MR. SCHILLI: And the folks it's going to go to,
10 essentially, will be all of the asbestos claimants, any of the
11 creditors of, of the EnPro Learning Systems business, that is,
12 creditors, existing creditors of the debtor, and then there are
13 some what I would call legacy Coltec claimants, either folks
14 who are receiving retiree benefits, life or death-related
15 benefits, pension and severance-related benefits, and we're
16 going to send that to all, all of those folks.

17 Now the reality is EnPro Holdings, which was recently
18 formed, is taking on all of those obligations, but we feel like
19 we ought to give notice to all of those creditors in the case,
20 although I guess they have potentially contingent claims, but
21 they're being assumed by EnPro and they should be paid in the
22 ordinary course.

23 THE COURT: Uh-huh (indicating an affirmative
24 response).

25 MR. SCHILLI: We also ask that the Court approve the

1 form of the publication notice that is, was attached to the
2 motion.

3 THE COURT: Uh-huh (indicating an affirmative
4 response).

5 MR. SCHILLI: It's very detailed and it's a combined
6 publication, it's a combined notice. It's combined in the
7 sense that it not only is a commencement notice, but there's a
8 bar date notice in that for the asbestos claimants. There are
9 also references to the March 24th deadline to file proofs of
10 claim as well as objections to the disclosure statement that's
11 on file as well as the objections to confirmation in the Coltec
12 case. And then there's also language in that publication
13 notice as it relates to the May 15th confirmation hearing.

14 And we would ask that the Court approve a form of that
15 notice. It's been reviewed and there was a fairly substantial
16 back and forth between us and the Committee in the case, the Ad
17 Hoc Committee and the Garlock Committee, because it's
18 ultimately going to those, their constituents and they have
19 approved the form of the notice.

20 And then with respect to the manner of publishing,
21 we'd like to do what we did in the Garlock case and that is
22 publish in the USA Today on one day, in the national edition of
23 the USA Today on the one day of the week, which is Mondays,
24 where they publish legal notices. And we would ask that we get
25 authority to do that and depending on when the order gets

1 entered and whether we can meet deadlines, we would either get
2 it published next Monday or the following Monday.

3 So it'd be promptly after the case has been filed.

4 THE COURT: Okay.

5 MR. SCHILLI: So --

6 THE COURT: Anyone else on this motion?

7 MS. KENNY: Your Honor, I don't have an objection to
8 the motion, but in looking at the exhibits, Exhibit A, which is
9 the commencement notice, for the proof of claim deadline it
10 says "Not yet set," but the publication and then there's the
11 motion to set bar date is March 24th.

12 So I'm not certain why -- it seems to me that date
13 ought to be March 24th there, but there may be an explanation
14 as to why that's not there.

15 MR. SCHILLI: That's a fair point, Ms. Kenny. Let me
16 address that to the Court, Your Honor.

17 We, we've gone back and forth a little bit about
18 whether to include in the actual notice the, the March 24th
19 proof of claim deadline, but because that deadline applies only
20 to the Coltec asbestos claimants --

21 THE COURT: Right.

22 MR. SCHILLI: -- and this notice is going to a lot of
23 other folks in addition to that -- we thought, in addition to
24 that group, we thought it would be better if we didn't list it
25 there. And then the motion that Mr. Krisko is going to address

1 in just a moment is going to, he's going to describe the bar
2 date notice that's going to go separately to the asbestos
3 claimants in the case.

4 And so they, in fact, will get a notice that, actual
5 notice. And when I say "they," it will be ultimately going to
6 the lawyers representing him, if, if they are so represented.

7 And so I think Kenny's concern is that the asbestos
8 claimants who are entitled to vote will, in fact, get a
9 separate notice, but the, the, if you will, the mass of other
10 creditors will not because there is no bar date that we've
11 requested and no bar date has been set with respect to that
12 other group of creditors.

13 THE COURT: So you're saying that the March 24th date
14 shouldn't be in the notice?

15 MR. SCHILLI: Your Honor, we don't believe it should
16 be in, in the actual notice of the commencement of the case --

17 THE COURT: Right.

18 MR. SCHILLI: -- because it might then require a lot
19 more explanation as to who that March 24th date applies to.

20 THE COURT: Well, the one I'm looking at does have the
21 March 24th date. It says, "Deadlines for proof of claim for
22 certain Coltec creditors' asbestos claims is March 24th," and
23 then it doesn't really say anything about other creditors, but
24 --is that Exhibit A or Exhibit B? I -- let me see if Exhibit A
25 -- yeah, it's the same.

1 MR. SCHILLI: Beg your pardon. Just a moment, Your
2 Honor.

3 THE COURT: Maybe I'm confused.

4 (Pause)

5 MS. KENNY: Your Honor, I believe that's Exhibit B.

6 MR. SCHILLI: That is --

7 THE COURT: I'm looking at "B."

8 MR. SCHILLI: Yes.

9 THE COURT: Okay. Well, that, that was the question I
10 had when I was looking at "A," though. It says, "The Court has
11 not set a time and date for a creditors' meeting," and then
12 doesn't say anything, does it, about the deadline -- okay, here
13 we go. Here's the proof of claim date, "Not yet set."

14 All I was wondering about, both the first meeting
15 notice that it had not yet been set and the proof of claims
16 deadline, whether we ought to tell them what we're doing, that
17 we're not going to set a first meeting date. Refer them to the
18 order in this. I wouldn't want anyone thinking that there was
19 going to be a first meeting date and we're just hanging fire
20 to, to wait to see what that is.

21 I'll leave it to your discretion as the parties in the
22 case of whether you feel the need to have that, but it would be
23 a little tighter if you, if you told them we just weren't going
24 to have a first meeting date and we weren't going to set a
25 deadline for proofs of claim for non-asbestos creditors.

1 MR. SCHILLI: I, I'll be happy to add that, Your
2 Honor, and I'll circulate it to the rest of the, the other
3 parties for comment.

4 THE COURT: I'm raising it as a question, not a
5 ruling.

6 Do the parties feel any need for more certainty on
7 that point, or are we just basically talking about semantics on
8 something that really won't have a real world effect?

9 MR. LIESEMER: Your Honor, Jeffrey Liesemer on behalf
10 of the Committee.

11 I am concerned by the standard notice indicating that
12 there is no deadline for proofs of claims.

13 THE COURT: Uh-huh (indicating an affirmative
14 response).

15 MR. LIESEMER: I, I'm concerned that it's going to
16 create confusion. I would suggest that it say, "March 24th for
17 certain Coltec asbestos claims. No bar date for any other
18 claims."

19 THE COURT: How's that?

20 MR. SCHILLI: I think that will work.

21 THE COURT: Okay, good. It might save some of your
22 associates some time having to field calls from creditors who
23 are confused and their counsel, so.

24 MR. SCHILLI: I'm sure they appreciate that, Your
25 Honor.

1 THE COURT: Well, in any event, let's make those
2 changes and otherwise, I think I'm fine with this, all right?

3 MR. SCHILLI: Thank you, Your Honor.

4 THE COURT: Good enough.

5 MR. LIESEMER: Thank you, Your Honor.

6 MR. SCHILLI: And with that, I'm -- that wraps up the
7 portion of the agenda that I was going to address. I'd like
8 to --

9 THE COURT: All right.

10 MR. SCHILLI: -- turn it over to Mr. Krisko.

11 Mr. Krisko.

12 MR. KRISKO: Thank you, Your Honor.

13 THE COURT: The lawyers are wearing out quickly this
14 morning, aren't they?

15 MR. KRISKO: It has become a relay race, Your Honor.

16 The -- I'm going to address two motions, the Coltec
17 asbestos bar date motion and then the motion to essentially
18 approve the solicitation and voting procedures that were
19 approved by this Court as applied to Garlock and extend those
20 over to this case.

21 THE COURT: Okay.

22 MR. KRISKO: First, let me address the bar date
23 motion. This is Docket Entry 20. This motion seeks to
24 establish an asbestos claims bar date, just like there was an
25 asbestos claims bar date in, in the, in the Garlock case. The

1 notion of an asbestos claims bar date for Coltec creditors is
2 part of the comprehensive settlement.

3 THE COURT: Uh-huh (indicating an affirmative
4 response).

5 MR. KRISKO: It's part of the CRP. It's part of the
6 plan. The, the notice process in soliciting approval of the
7 plan and descriptions in the disclosure statement have all
8 talked about the intention of the parties to now seek this
9 relief and have the Court establish March 24th as a bar date
10 for Coltec asbestos claims at this time.

11 So that's been a fundamental part of what we've been
12 doing in order to implement the comprehensive settlement.

13 The bar date itself is structured exactly as the
14 Garlock bar date is structured and that is it applies to -- it
15 doesn't apply to all claims. It applies to claims where a
16 claimant has been diagnosed with an asbestos injury before --

17 THE COURT: Uh-huh (indicating an affirmative
18 response).

19 MR. KRISKO: -- August 1st of 2014 and has either
20 filed a claim in a, in a case or filed a bankruptcy trust
21 claim.

22 So it draws the same line with Coltec claimants as it
23 does with Garlock claimants in the Garlock case.

24 So in any event, the relief that we ask is, is to
25 enter a bar date as of March 24th.

1 Now there's some exceptions to that, Your Honor, that
2 will take burdens off of Coltec claimants that now have to file
3 proofs of claims. And those exceptions are significant and
4 that is, essentially, any individual that cast a ballot when
5 Garlock solicited what we call the second amended plan, the,
6 the contested plan, during 2015, if, if an individual cast a
7 ballot in that process or filed a proof of claim in that
8 process, he would be exempted from having to file a proof of
9 claim as a Coltec claimant now. Likewise, Your Honor, the
10 group that we solicited for this plan that had to file their
11 ballots by December 9th of 2016, if those individuals cast a
12 ballot, they would be exempted from having to file a bar date,
13 having to file a proof of claim at this point as well.

14 So, you know, keeping in mind that when Garlock
15 solicited the what we call the second amended plan and the, and
16 the Garlock bar date was put in place --

17 THE COURT: Uh-huh (indicating an affirmative
18 response).

19 MR. KRISKO: -- we, you know, I think the total
20 numbers were over 170,000 claimants that filed. Those, all
21 those individuals, should they seek to have a Coltec claim,
22 would have their claims preserved. This last, this next
23 solicitation, we had over 130,000 --

24 THE COURT: Uh-huh (indicating an affirmative
25 response).

1 MR. KRISKO: -- claimants, 70,000 specifically
2 specifying that they were, they are Coltec claimants. None of
3 those people either would have to file a proof of claim in
4 response to this bar date.

5 Substantial notice, Your Honor, has been given of this
6 process. I mentioned it briefly, but recall that part of this
7 whole solicitation notice process was the comprehensive, multi-
8 media plan that the Court approved in the Garlock case back in
9 July that included the national advertising and TV, newspapers
10 across the country. It was significant. The -- now that said,
11 you know, we're going, we are going to give -- we're going to
12 now give notice again to Coltec --

13 THE COURT: Uh-huh (indicating an affirmative
14 response).

15 MR. KRISKO: -- claimants through the processes that,
16 that Mr. Schilli described. We're going to give actual notice
17 to Coltec asbestos claimants. We're also going to run in
18 connection with the national publication notice the notice of
19 the bar date.

20 And with that, Your Honor, we'd like the Court to
21 enter the bar date as it applies to Coltec claimants. The
22 motion and the notices and the order have been reviewed with
23 the Committee and the FCR and, prior to their filing, and I
24 believe we have the support of those constituencies on this
25 motion, Your Honor.

1 THE COURT: Okay.

2 Parties wishing to be heard?

3 (No response)

4 THE COURT: None? Okay. Approved.

5 MR. KRISKO: Okay.

6 Your Honor, the next motion that the, well, for the
7 solicitation motion, again, looks at the work, work did in July
8 of last year as it pertains to setting the confirmation
9 schedule, the solicitation process, the notice program, the
10 Kinsella Media notice program, as well as the specifics of the
11 balloting and the voting, the voting procedures that the Court
12 approved.

13 So this -- what this motion asks for, Your Honor, is
14 to essentially apply the approvals the Court gave in the
15 Garlock case to this case, both in terms of the notice program,
16 the voting procedures, and the solicitation packages that, that
17 we sent out soliciting the Coltec claimants prior to the filing
18 of the petition.

19 In addition, though, Your Honor, we're asking to, in
20 this approval, for the Court to approve what we're calling
21 supplemental solicitations, really supplemental notice of
22 what's going on.

23 So what we're going to do, again, is, is send directly
24 to asbestos claimants and other parties in interest another
25 package. It would have the disclosure statement, the plan. It

1 would have the order that the Court would enter, if it grants
2 this motion, all within it so that we, we can be sure that all,
3 you know, the parties in interest have notice of what's going
4 on in the case, the case has been filed. They have
5 opportunities to, to make objections and consider the
6 disclosure statement. In many, if not most cases, they would
7 have already received these materials when we did the
8 solicitation prior to the filing of the petition, but we feel
9 we should -- we feel it's necessary to do that again here in
10 this context now that the case has been filed.

11 With that, Your Honor, let me emphasize that, again,
12 this motion like the others were approved by the ACC and the
13 FCR. I would ask the Court to enter the order as presented.

14 THE COURT: Any comments?

15 (No response)

16 THE COURT: Okay. Also approved.

17 All right. Is that the bottom of your, yours?

18 MR. CLODFELTER: Your Honor, that concludes the agenda
19 for the Coltec case this morning unless the Court has other
20 matters you wish to explore.

21 THE COURT: Let me ask a question and just thinking
22 ahead and you've probably already worked through these.

23 The first question is we're going to jointly
24 administer cases that are very similar in scope and, and
25 nature. What are we going to do about compensation of

1 professionals? Are we going to bill separately or are we going
2 to bill in one form and format and reserve the right to break
3 them apart, or how do y'all propose to treat that or is that
4 one of the future coming events in the case?

5 MR. CLODFELTER: It's likely a coming event, but it's
6 a topic already under discussion, Your Honor, among the Garlock
7 debtors and the --

8 THE COURT: Uh-huh (indicating an affirmative
9 response).

10 MR. CLODFELTER: -- and the Coltec debtor. We've, we
11 need to bring the Committee and the FCR into those discussions,
12 now they've been appointed. But we're essentially proposing an
13 allocation process wherever the task or assignment may be
14 common to both cases. There will be matters, of course, that
15 would be Garlock or Garrison unique or Coltec unique --

16 THE COURT: Uh-huh (indicating an affirmative
17 response).

18 MR. CLODFELTER: -- and those, of course, would be
19 charged to that particular case. But for most tasks associated
20 with the plan, the joint plan, for example, those would be
21 common to all the cases. There will be some exceptions even
22 there in that category. We are discussing internally a form of
23 allocation. We haven't yet had an opportunity to share that --

24 THE COURT: Uh-huh (indicating an affirmative
25 response).

1 MR. CLODFELTER: -- with the now-appointed committees
2 in the Coltec case. We'd want an opportunity to generalize
3 that discussion and bring it back to the Court.

4 THE COURT: Okay.

5 MR. CLODFELTER: I think we'll have that before the
6 Court before anybody is submitting any applications for
7 compensation.

8 THE COURT: Okay. And give some thought to the fee
9 examiner as well in, in that mix.

10 MR. CLODFELTER: We will, Your Honor.

11 THE COURT: As much as I like all of you, I really
12 don't enjoy reviewing your fee applications *ad nauseam*. But
13 that's something to put on the table as well, so.

14 MR. CLODFELTER: Your Honor has put it on the table.
15 It has occurred to me, but I have so far suppressed discussing
16 it with anyone else. But now it's out in the open.

17 THE COURT: All right. It's out in the open.

18 In all seriousness, the, the amount of review that's
19 required when the Court reviews those fee applications is, is
20 pretty large and, frankly, gets me more immersed in the details
21 of what you're doing day-to-day than what I prefer to be,
22 particularly since we have a couple of other cases that have
23 come in of late that would have similar demands.

24 So Judge Hodges and I are probably the only people
25 really advocating for fee examiners in cases and give fair

1 consideration to that. I realize by May things may have
2 changed and if this joint plan gets confirmed, then we may not
3 have the same circumstance.

4 But work that into your discussions as well.

5 MR. CLODFELTER: We will do so, Your Honor.

6 THE COURT: All right. Anything else to do in the
7 OldCo/Coltec case?

8 (No response)

9 THE COURT: Okay. So am I correct that the only thing
10 we have left in Garlock are the two matters, the Clephas relief
11 from the automatic stay, that's been subsumed by the settlement
12 that was entered, I think, yesterday, the consent order there,
13 and then we have the joint motion to approve the settlement, if
14 you will, with the Canadian provinces.

15 Anything else that we're dealing with today?

16 (No response)

17 THE COURT: Do you need a few minutes to get your
18 papers organized to move on?

19 All right. Let's take five and let --

20 MS. KENNY: Your Honor, can I be excused for, for the
21 rest of the hearing?

22 THE COURT: Yes. And any --

23 (Recess at 10:42 a.m.)

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CERTIFICATE

I, court approved transcriber, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

/s/ Janice Russell

February 9, 2017

Janice Russell, Transcriber

Date